TNFORWARD

TOP TO BOTTOM REVIEW

Chapter 20

BUREAU OF TENNCARE

HIGHLIGHTS

- Integration of the state's health-related agencies within the new Division of Health Care Finance and Administration helps the state operate in a more efficient and coordinated way by providing a less "siloed" approach to deliver multiple health care related products to various constituencies.
- A demonstration targeted at improving care for those eligible for both Medicaid and Medicare will improve quality and coordination of care and ultimately make the cost of care less expensive.
- Innovative provider payment options such as incentives for providers to purchase and use electronic health records to improve workflow and increase safety through evidence-based decision support, quality management, and outcomes reporting which supports high quality, cost-effective care.
- Using technology to simplify and improve provider registration processes, conduct provider training or simply share information will reduce administrative burden for providers as well as the state.

INTRODUCTION

TennCare is the State of Tennessee's Medicaid program that provides health care insurance for more than 1.2 million Tennesseans. The TennCare program operates as a demonstration under a Section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS). The principle being demonstrated by TennCare is that a state can organize its Medicaid program under a managed care model and generate sufficient savings to extend coverage to additional populations who would not otherwise be Medicaid eligible, while maintaining and even improving quality of care.

TennCare services, including medical, behavioral and long-term care are offered primarily through Managed Care Organizations (MCOs) located in each region of the state. TennCare members have their choice of MCOs serving the areas in which they live, except that children in state custody must be assigned to a special health plan

called TennCare Select. In addition to the MCOs, there is a Pharmacy Benefits Manager for coverage of prescription drugs and a Dental Benefits Manager for provision of dental services to children under age 21.

TennCare's overarching goal is to set the standard in health care management by delivering high quality, cost-effective care which results in improved health and quality of life for eligible Tennesseans. In addition, as a steward of the state's resources, we want to ensure that quality health care services are delivered within a predictable and sustainable budget that allows the state to also focus on other key priorities.

APPROACH/METHODOLOGY

There are three strategies that are key to managing TennCare program costs while also improving quality of care: integrated and coordinated programs, proper alignment of financial incentives, and enhanced customer experience. Annual review of the program's overarching goal and strategies with an eye toward streamlined, efficient business processes has been a part of TennCare's management for several years. TennCare's Top to Bottom Review thus served as a valuable exercise to review goals and priorities, as well as re-evaluate and affirm current strategies for program improvement.

Top to Bottom Review activities included an examination of the program's history, operational improvements made over time, the process by which TennCare goes about ensuring continuous improvement and new activities in process that aim to improve quality, control cost and enhance customer service.

RECOMMENDATIONS

Recommendation 1: Integrate health care-related agencies within the Department of Finance and Administration into a Division of Health Care Finance and Administration.

Discussion: Agencies included in the new division are the Bureau of TennCare, the Cover Tennessee Programs, the Insurance Exchange Planning Initiative, eHealth and State Health Planning.

Over time, this integrated approach will help the state operate in a more efficient and coordinated way by providing a less "siloed" approach to deliver multiple health care related programs to various constituencies. Already, consolidation of multiple contracts and changes in financial arrangements are estimated to save an estimated $2 million per year.

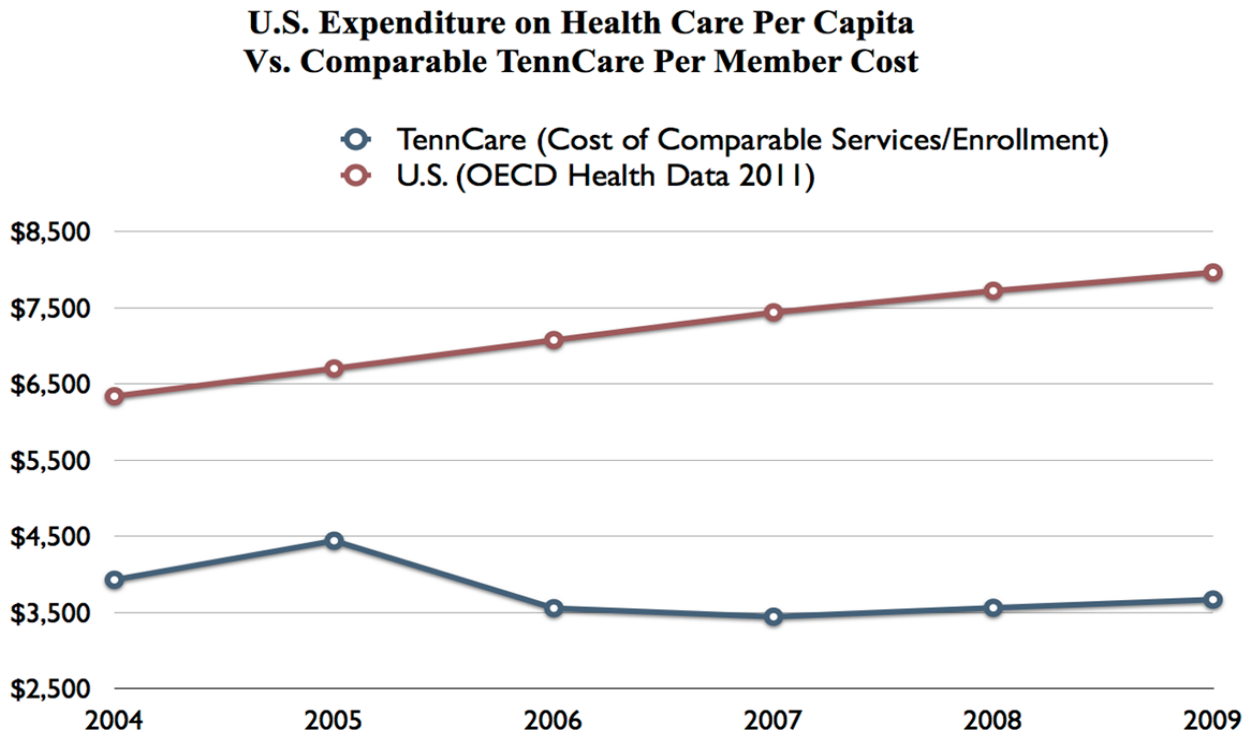
In 2014, the customer experience will be enhanced by a new system that will allow Tennesseans to apply for multiple health care products with a single application, and that will offer a coordinated approach to eligibility determination for these products.

This recommendation has been completed.

Recommendation 2: Integrate Medicare services for the estimated 138,000 members eligible for both Medicare and Medicaid into the existing managed care program.

Discussion: This is part of a federal demonstration aimed at improving coordination and quality of care for these members, while also reducing program costs. Currently, TennCare pays for Medicaid benefits, as well as Medicare premiums and cost-sharing for these members.

Implementation is contingent upon approval of the state's proposed demonstration design by CMS, and is anticipated to commence in 2013.



Recommendation 3: Explore and implement innovative provider payment options that align incentives and encourage the delivery of high-quality, cost-effective care.

Discussion: One such option already implemented is incentive payments for providers that purchase and use electronic health records to improve workflow and increase safety through evidence-based decision support, quality management, and outcomes reporting.

Other potential models include bundled rates, incentives for meeting certain quality measures, and shared risk and/or savings arrangements aimed at achieving specific programmatic goals.

Recommendation 4: Leverage web-based technologies to simplify and improve provider registration processes, conduct provider training and support ongoing communication processes.

Discussion: An online provider registration process will be implemented for individual providers in 2012, with provider groups to follow.

MCOs will also be able to use this information to credential providers, reducing administrative burden for providers, MCOs and the state.